

NEW PRICING POLICY LETTER

Proposed by Glenn Baaso

Dear Customer:

~~Due to costly over-runs of fixed price jobs that are improperly prepared for, Computer Image will now charge hourly rates for all jobs that do not meet our preparation requirements. It is virtually impossible for us to give an accurate bid for a short turn around job with insufficient time and late materials. Therefore, this new pricing policy will be adhered to without exception.~~

Computer Image will bid upon storyboards, scripts, artwork, sound tracks, and other pertinent materials that are intended for animation. The bid will be either fixed or estimated, depending on how comprehensive the information is and if enough preparation time is allowed before the production. If the bid is fixed and the materials required from the customer are in-house the specified number of working days before the production (this will vary for each job), then we will honor that fixed price, if not, the bid will revert to an hourly rate. If there are any changes made to a fixed price job that will cause it to run overtime, an hourly rate will be charged above and beyond the fixed price. Additionally, if a crew is required to work over 8 hours per shift, due to client changes, an overtime rate of 150% of the hourly rate will be charged. Saturdays and Sundays are 150% of the standard rate and Holidays are 200%. Also, cancellation charges on the back of the contract will be enforced unless the time can be sold to another customer.

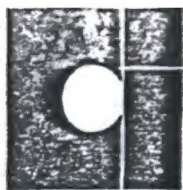
~~Computer Image can no longer afford to absorb the costly over-runs of unprepared fixed price bids. On the other hand, we offer the advantage of the fixed price to the prepared customer exclusively. We recognize, however, that often our clients will be unable to comply with all of our requirements and we will be happy to approach their problems with the same creativity and enthusiasm that we have in the past.~~

~~We hope you understand our position in this matter and ask for your cooperation. If you have any questions on these changes, please give us a call.~~

Thank you.

PRODUCTION CONTRACT

EXAMPLE



**COMPUTER
IMAGE
CORPORATION**

2475 W. Second Ave.
Suite #4
Denver, Colorado
80223
(303) 934-5801

CUSTOMER Kenyon & Eckhardt Advertising Inc.

ADDRESS 5 Parker Place, Ste. 352/2600 S. Parker Rd

CITY Aurora, CO

STATE CO

TELEPHONE (303) 750-9310

ZIP CODE 80014

COMPUTER
IMAGE
REP. Glenn Baaso

COMPUTER
IMAGE
JOB NO. 301-257

CUSTOMER
CONTACT Barry Brown

CUSTOMER
JOB NO. _____

DATE June 1, 1982

FILM _____ 16mm/35mm Color/B&W SOF/Silent

VIDEOTAPE _____ High-Band/Helical Transfer/Dubs

LENGTH: _____ USE: _____

DESCRIBE WORK REQUIRED:

Computer Image Corporation will produce one five second animated open and on five second animated close according to the attached storyboard for the Denver zone Chrysler-Plymouth Dealers Advertising Association. Computer Image will also add this animation to one pre-edited live action commercial. Production is scheduled for June 11, 1982 starting at 8:00am for a fixed price of-----
Production time is not to exceed 8 hours for fixed price.
50% of the contract price (\$2,812.50) must accompany this signed contract to initiate production.

Balance is due upon completion of production.

PRICE

\$5,625.00 *

MATERIAL PROVIDED BY CUSTOMER:

2" Quad of edited live action, original black and white artwork, 1/4" soundtrack.

*Artwork and soundtrack must be in house four working days before production, otherwise the above fixed price will revert to an hourly rate of-----

\$1,125.00/hour

MATERIAL PRODUCED BY COMPUTER IMAGE:

One ABC 2" Quad Master. Computer Image Corporation will maintain a 2" Helical protection dub for at least 30 days after production. Additional dubs and/or cassettes will be billed according to the current rate sheet.

TOTAL PRICE

\$5,625.00

BY: _____
COMPUTER IMAGE signature

BY: _____
CUSTOMER signature

COMPUTER IMAGE/WHITE • CUSTOMER/YELLOW • REPRESENTATIVE/PINK

3731M

COMPUTER IMAGE PRODUCTION CONTRACT

Terms and conditions to be printed on the back of all copies of the contract.

1. Pricing:

(a) **Date Rate:** The Estimated Day Rate is determined by multiplying Computer Image's daily rates for computer time, video services and color camera usage times the number of days (or partial days) estimated for a given job. There is no assurance that the estimate will accurately predict the actual price of the project because actual production time could be greater or less than the estimated time, depending upon the specific job and conditions. Customers selecting the day rate agree to pay charges determined by multiplying actual production time by Computer Image's daily rate.

(b) **Fixed Rate:** The Fixed Rate is the Estimated Day Rate plus 20%, and constitutes a maximum price regardless of actual computer time, video services and color camera usage required.

(c) **Run of Schedule (R.O.S.) Discounts:** A 25% discount on computer time, video services and color camera usage will be allowed from either the Day Rate or the Fixed Rate provided that the customer allows Computer Image to make the production in its Run of Schedule. Completion of projects taking advantage of the R.O.S. discount will be guaranteed within ten (10) weeks for film productions and four (4) weeks for video tape productions from the date all artwork is delivered to Computer Image.

(d) **Change of Rates:** If Computer Image changes its published rates after the former rates have been quoted prior to contract signing, the former rates will be honored for contracts signed by customers and delivered to Computer Image within 30 days after the rate change.

2. **Scheduling:** Prior to executing this contract, customers may indicate a preferred production date. If possible, Computer Image will reserve that date for three days to allow the customer to confirm his production plans. If an executed contract, letter of intent, purchase order, deposit or other confirmation reasonably acceptable to Computer Image is not received within three days, the reservation will be cancelled. Although no warranties of production date are given, except as specifically set out by written agreement, Computer Image will use its best efforts to schedule production according to the convenience of its customers. However, the customer assumes the responsibility to stay in close contact with Computer Image with regard to production scheduling. If the customer requests a change in production date after the contract has been signed, Computer Image will use its best efforts to accomplish the desired rescheduling. However, Computer Image may charge a rescheduling fee of up to 50% of the total contract price for each rescheduling, and customer agrees to pay such fee.

3. **Production Cancellation Charges:** If production is cancelled at the customer's request prior to scheduled shooting, the following proportion of the contract price will be charged as a cancellation fee:

| | |
|---------------|------|
| 0 - 24 hours | 100% |
| 25 - 48 hours | 60% |
| 49 - 72 hours | 30% |

4. **Conditions to Production:** Until the customer has complied with all of the following conditions, Computer Image shall have no obligations or liabilities under this contract:

(a) **Contract:** This contract must be signed and delivered to Computer Image Production Facility not less than five (5) working days prior to the production date.

(b) **Artwork:** Artwork provided by the customer must be delivered to the Computer Image Production Facility not less than five (5) working days prior to the scheduled production date. Artwork provided by the customer must conform with format specifications provided by Computer Image.

(c) **Terms of Payment:** Fifty percent of the estimated or fixed contract price must be paid before production is initiated; the balance is due upon completion. Sales tax will be added where applicable. All prices are F.O.B. Computer Image Production Facility.

5. **Error; Notice and Suit:** The services provided by Computer Image are of such a nature that no production standard of aesthetics or quality can be guaranteed. If any errors occur from Computer Image's failure to use due care, or from the malfunction of any Computer Image controlled machines (other than malfunction caused by or attributable to the customer or its input), customer shall notify Computer Image in writing within 30 days after receipt of the completed work. After notification, Computer Image shall correct such errors at its own expense. Such correction shall be the customer's sole and exclusive remedy. Such notification by the customer shall be a condition precedent to any claim or the commencement of any legal proceeding against Computer Image. Customer shall not commence any legal proceeding of any kind against Computer Image more than one year after accrual of such cause of action. If the customer is present during the production and accepts delivery of the completed product, it will be presumed that the product meets all standards including but not limited to quality, format, accuracy, and aesthetic standards.

6. **Reshooting:** If the customer is not present at the original production, projects will be reshot only at the discretion of Computer Image, in which case the customer will be required to be present at the reshooting. If a customer requests reshooting for any reason except for Computer Image's error, such reshooting will be available at a negotiated price.

7. **No Warranty:** Computer Image makes no warranties express or implied as to merchantability, fitness for a specific purpose or any other matter. There are no warranties that extend beyond the face hereof.

8. **Right to Dispose of Artwork:** Unless otherwise notified prior to production date, Computer Image may dispose of any artwork or other materials provided by the customer upon completion of the production.

9. **Use of Materials:** The customer agrees that Computer Image may make use of material produced in connection with this project and contained in its demonstration reels for purposes not connected with this project. The customer further agrees to hold harmless Computer Image from any damage, loss or liability, including attorneys' fees, resulting from unauthorized use of music and/or artwork supplied by the customer.

10. **Delivery:** If any tapes, films or other production materials are to be delivered by Computer Image to the customer, Computer Image shall have the obligation to deliver such materials properly packaged and addressed, to the United States Post Office or the office of a reputable freight forwarder. Except if insurance is prepaid by the customer, Computer Image shall have no obligation to purchase insurance covering such materials. Upon delivery to such Post Office or freight forwarder, Computer Image shall have no further obligation or liability with respect to such materials.

11. **Uncontrollable Events:** Computer Image shall have no liability to customer for any failure to perform its obligations hereunder if such failure is occasioned by fire, flood, civil disorder, war, strike, lockout, energy shortage, governmental actions, or other events beyond the reasonable control of Computer Image.

12. **Reimbursement:** The customer agrees to reimburse Computer Image promptly for all legal fees and expenses incurred by Computer Image in enforcing this agreement.

13. **Assignment:** Computer Image may assign its rights and obligations under this agreement to any corporation succeeding to its business through merger, consolidation or purchase of substantially all of its assets.

14. **Total Agreement:** Customer acknowledges that he has read this agreement, understands it and agrees to be bound by its terms. This agreement is the exclusive statement of the agreement between the parties and supercedes all proposals, representations and other communications (oral or written) relating to the subject of the agreement. This agreement may not be modified except by a writing signed by the duly authorized representatives of the parties.

15. **Governing Law:** This agreement shall be governed by the laws of the State of Colorado.

COMPUTER IMAGE PRODUCTION BID SHEET

JOB NAME _____ JOB # _____ DATE _____

CLIENT _____

CONTACT _____ PHONE _____

PRE-PRODUCTION

| | EST. COST | ACTUAL |
|----------------------------------|-----------|--------|
| Storyboard Preparation | | |
| Script Writing | | |
| Sound Production | | |
| Sound Reading | | |
| Artwork | | |
| Kodaliths | | |
| Typesetting | | |
| Model Construction | | |
| Film Transfer | | |
| Equipment Rental | | |
| Live Action Production | | |
| Set Construction | | |
| Talent | | |
| Tape Stock _____ Minutes @ _____ | | |
| Freelance Help | | |
| Consulting Fees | | |
| Research | | |
| Phone Calls | | |
| Misc. | | |

ANIMATION PRODUCTION

| | | |
|--|--|--|
| C.I. Facility Hrs. _____ @ _____ | | |
| Scanimate _____ CAESAR _____ SYSTEM IV _____ | | |
| Tape Stock _____ Minutes @ _____ | | |
| Equipment Rental | | |
| Model Manipulator Construction | | |
| Freelance Help | | |
| Consulting Fees | | |
| Misc. | | |

POST PRODUCTION

| | | |
|------------------------------------|--|--|
| Editing _____ Hours @ _____ | | |
| Squeezoom _____ Hours @ _____ | | |
| Master Dubbing _____ Hours @ _____ | | |
| Tape Stock _____ Minutes @ _____ | | |
| Cassettes | | |
| Shipping | | |
| Misc. | | |

TOTAL

Director _____ Date _____

Production Manager _____ Date _____

Sales Representative _____ Date _____